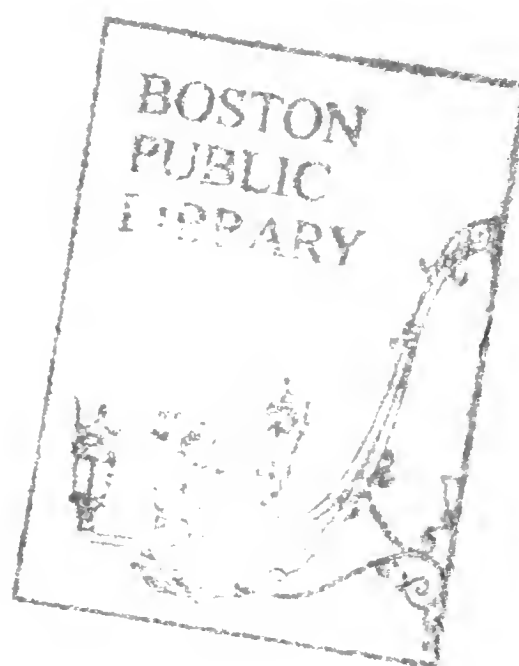


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DEVELOPMENT STUDY:

UNDER-ARTERY SHOPPING CENTER

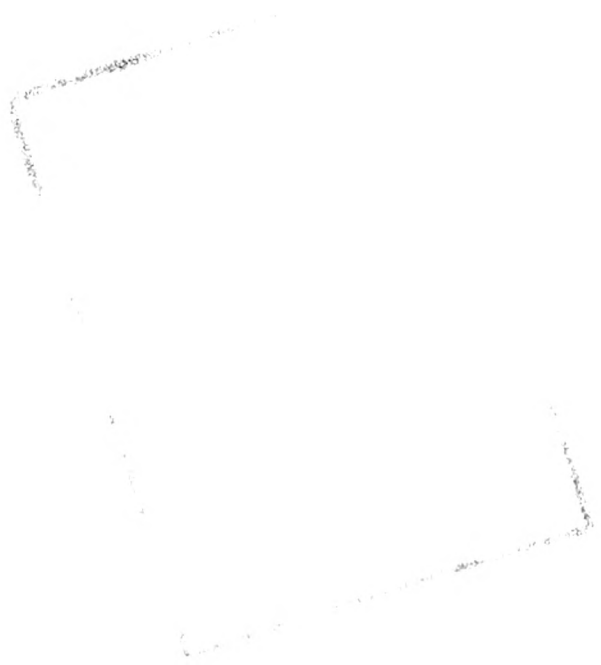


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Development Study: Under-Artery Shopping Center



April 10, 1962



Under-Artery Shopping Center

With the opening of the tunnels to two and, at times, possibly three lanes of westbound traffic, parking on Cross Street - so important to the retail stores fronting on Cross Street - would not be feasible. Increased traffic on Cross Street would also serve to discourage pedestrian shopping and interfere with day-time deliveries. At the same time, the opening of the tunnels will greatly increase the eastbound traffic that now crosses the northbound traffic in front of the tunnels. Traffic consultants to the Boston Redevelopment Authority have indicated that this problem as well as the problems of moving traffic from downtown Boston to Charlestown and of moving northbound Central Artery traffic into the Government Center can best be handled by the construction of a new down-ramp from the Central Artery. This ramp would be built over the tunnel mouths and the existing Cross Street retail frontage, dropping down to Cross-North Washington Streets level at Endicott Street. Based on these factors, the relocation of the retail stores on Cross Street between Hanover and Endicott Streets is recommended, once the North End Rehabilitation Project reaches the active stage. By tying in this relocation to the North End Rehabilitation Project, the relocated business concerns would be eligible for the recently liberalized relocation payments which now allow full reimbursement for moving expenses. They would also be eligible for special Small Business Administration loans at low rates of interest and other liberal terms.

As a preliminary relocation solution, a shopping center suitable to the needs of the dislocated merchants and located at the front-door to the

North End could be constructed under the Central Artery on the general site of the existing pedestrian cross-walks between Hanover and Salem Streets. There are, at present, twenty-three retail merchants which can anticipate dislocation as a result of this new ramp construction. These include a shoe store, a jeweler, a pastry shop, a flower shop, a candy store, a bridal shop, a hardware store, a fish market, a cheese store, a beauty salon, two package liquor stores, three meat markets, four groceries and four produce markets. Together, these twenty-three retailers occupy approximately 17,000 sq. ft. of space and could form a well-balanced shopping center on the site proposed.

There are a number of advantages to the proposed location:

1. The proximity of readily available vacant land under the Central Artery will allow the Cross Street merchants to plan their relocation well ahead of demolition, thereby avoiding disruption to their business activities;
2. The shopping center, combined with public improvements, would be an excellent pedestrian connection between the rehabilitated North End and the new Government Center;
3. Proposed pedestrian arcades under Blackstone and Cross Streets would enhance access from Government Center and the North End to the shopping center;
4. Shopper parking could be available in the adjacent existing parking areas to either side of or immediately adjacent to the shopping center or in the new 1600 car public garage to be built on the site of Haymarket Square in

Government Center, a three-minute walk from the shopping center;

5. Shopper deliveries could be provided by the merchants so that shoppers could pick-up their purchases in the adjacent parking areas or at the new public parking garage in Government Center;
6. Service areas to either side and immediately adjacent to the shopping center would provide ample space for efficient and quick deliveries;
7. In as much as truck deliveries are presently made early in the morning, before the major day-time vehicular traffic begins, service to the shopping center should be accomplished without significant interference from other vehicular traffic;
8. The Central Artery itself would provide protection from the elements;
9. The shopping center would contain a shopping plaza around which would be constructed retail store units containing approximately 17,000 sq. ft. of net retail space; and
10. Store units would contain approximately 650-1,000 sq. ft. each and would be designed in a way suitable to the needs of the merchants presently located on Cross Street.

The financing and construction of the shopping center could be accomplished by the merchants themselves, by the owners of the properties to be taken for the ramp construction, by a speculative developer, or by any combination of these. It is estimated that the total cost of the shopping center

will be approximately \$225,000. Assuming that the merchants themselves will be the developers, it is likely that approximately 40% of this sum would be required as equity capital. Thus, were all of the merchants to form an association in which each had an equal share, approximately \$4,000 would be required of each as equity capital. This amount would not appear to be excessive and, on the basis of the financing study below, it appears that the new retail space in the shopping center would rent for approximately \$165 to \$210 a month. These rentals appear to compare favorably with those presently paid in the existing Cross Street retail units.

The following material outlines the building site, location, occupancy and financing arrangements for the shopping center. Appropriate drawings and plans are included at the end of this report.

A. Shopping Center

Shopping Center will be constructed under the Central Artery on the general site of the existing pedestrian cross-walk between Hanover and Salem Streets. Building will be a one-story structure containing about 23 units, varying in size from 800 to 1000 square feet each.

Parcel Size (approximate) 20,000 sq. ft.

Gross Floor Area (approximate) 20,000 sq. ft.

Net Rentable Area (approximate) 17,000 sq. ft.

B. Occupancy

Retail floor space will be rented to merchants dislocated by Central Artery Ramp construction as well as to other stores traditionally associated with the North End.

C. Financing

The project will be financed in the following manner:

40% equity cash

60% mortgage

D. Limitation on Dividends

The building will be constructed under the provisions of Chapter 121A, as amended, of the Massachusetts General Laws, which limits dividends to 6%.

E. Land Cost

For the purpose of this study, the site is assumed to be purchased from the Boston Redevelopment Authority or the City of Boston for \$40,000.

F. Taxes

Payments-in-lieu-of-taxes will be made on the basis of 20% of gross income under a 40-year tax contract authorized under Chapter 121A.

G. Construction Cost

\$7.00 per square foot.

H. Rent Structure

Retail space - \$2.50 per square foot per year.

I. Shopping Center Cost Summary

Land (20,000 s.f. @ \$2.00 s.f.)		\$ 40,000
Construction (20,000 s.f. @ \$7.00 s.f.)		140,000
Architectural and engineering fee (6%)		8,500
Expenses during construction		34,000
Interest	\$10,000	
Taxes	2,000	
Legal Expenses	5,000	
Insurance	3,000	
Miscellaneous	14,000	
Financing Fee		2,500
Total		\$225,000

Gross Annual Income

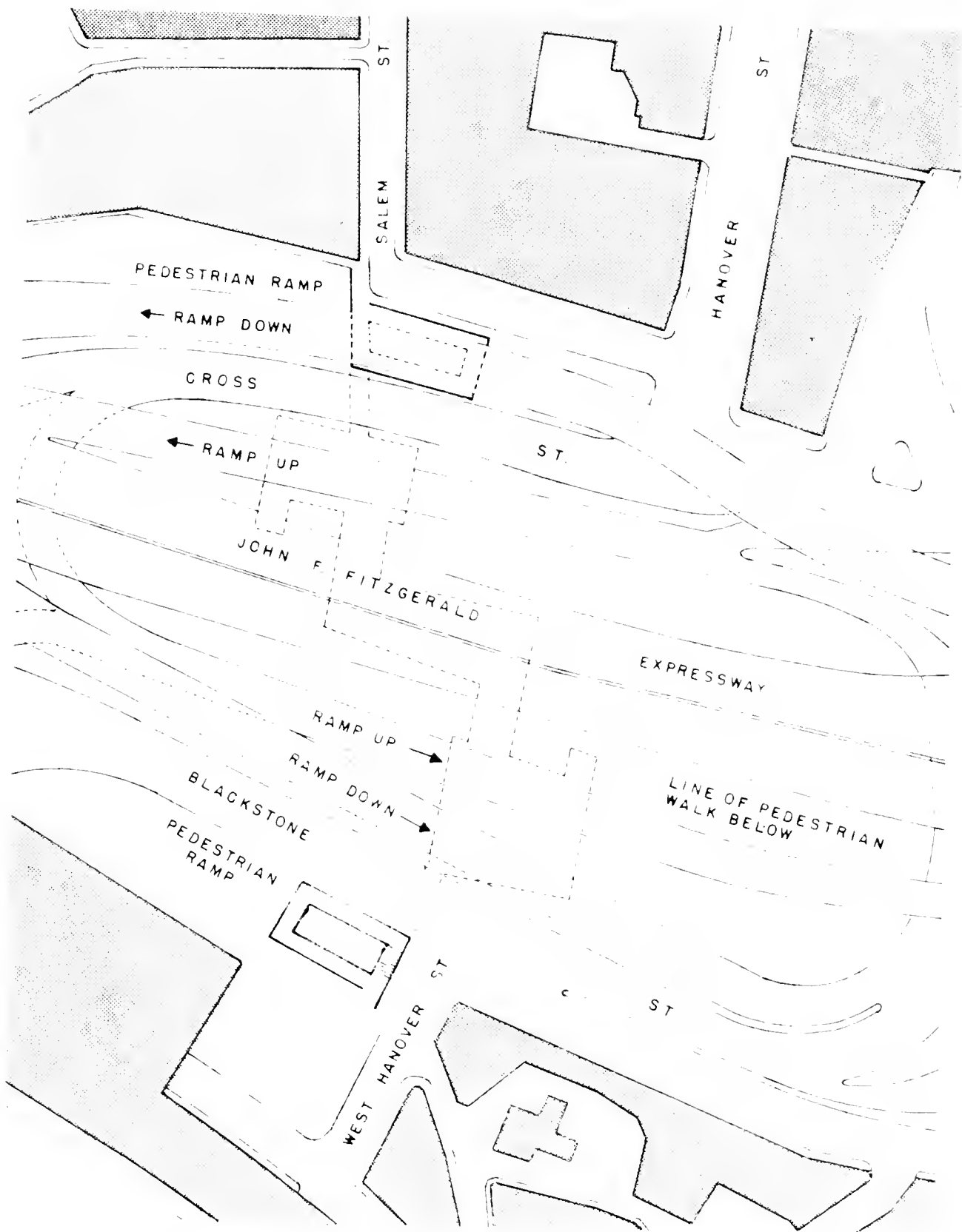
Retail Rentals (17,000 s.f. @ \$2.50 s.f.)	\$ 42,500
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Annual Expenses

Operating expenses (17,000 s.f. @ \$.50 s.f.)	8,500
Real Estate Excise (20% of gross income)	7,650
Vacancy Allowance (10%)	4,250
Debt Service (\$90,000 for 10 yrs. @ $5\frac{1}{4}\%$)	12,000
	<u>\$ 32,400</u>

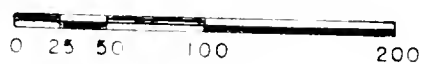
Net Annual Income	\$ 10,100
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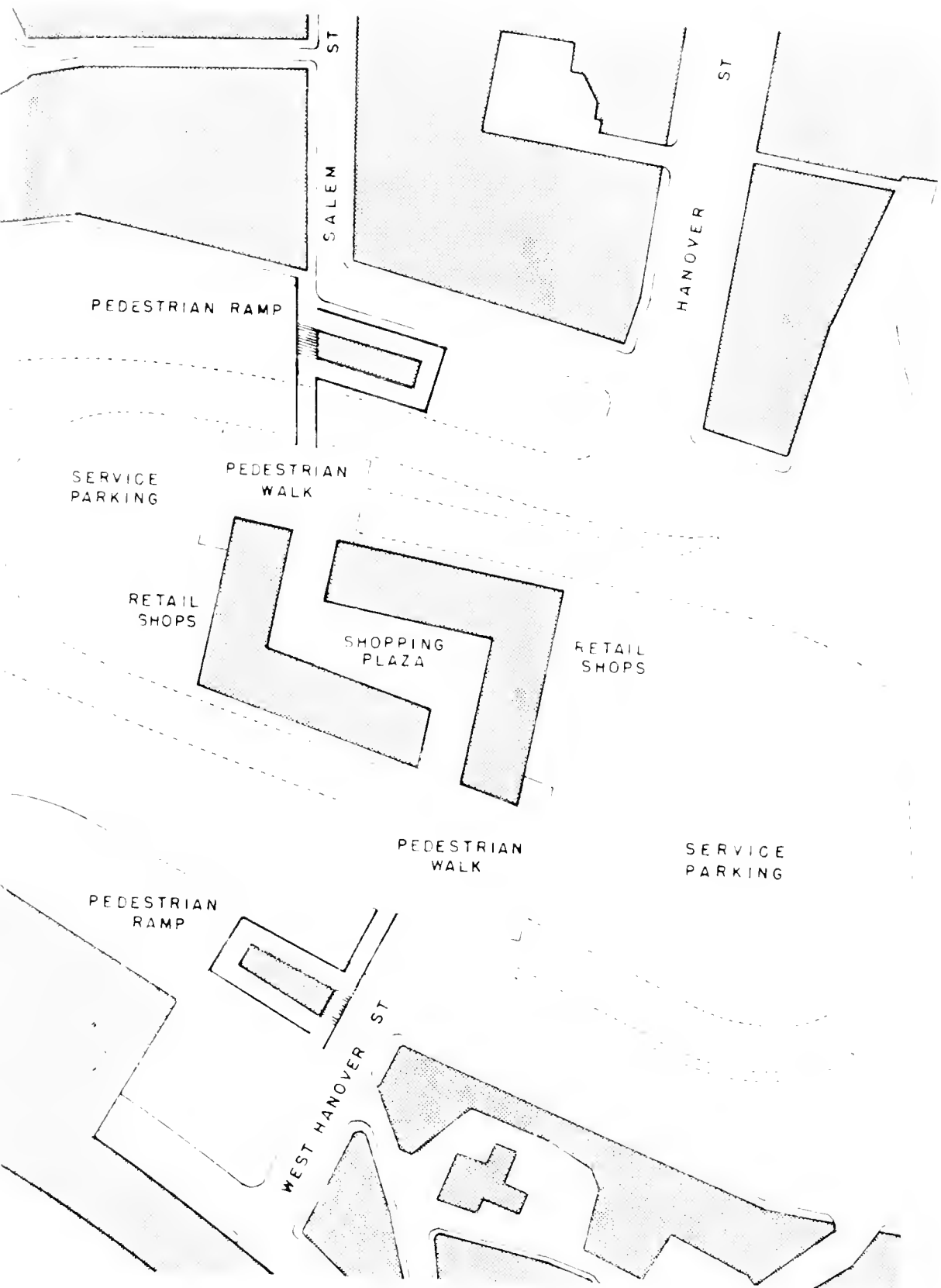
Return on Equity (6% of \$90,000)	\$ 5,400
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PLAN OF VEHICULAR FACILITIES

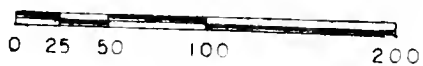
SCALE 1" = 100'





PLAN OF PEDESTRIAN FACILITIES

SCALE 1" = 100'



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Reference 365R.Un
Boston Redevelopment Auth. --
Development Study: Under- n
Artery Shopping Center. v.
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